DURHAM
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CITY OF MEDICINE

CITY OF DURHAM | NORTH CAROLINA

Date: **December 8, 2015**

To: **Thomas J. Bonfield, City Manager**
Through: **W. Bowman Ferguson, Deputy City Manager**
From: **Donald F. Greeley, Director, Water Management**
Subject: **Commercial Meter Replacement Project Phase III (MR-9) –Award of Construction to Vanguard Utility Service, Inc.**

Executive Summary
In August 2015, the Department of Water Management issued an Invitation to Bid on the replacement of approximately 300 commercial water meters throughout the City's water service area. The proposed project consists of upgrading manual-read commercial water meters to new remote-read meters and upgrading meter assemblies to current City standards.

This project is the third, and final, phase of the 1.5- and 2-inch commercial meter replacement program that replaces a total of roughly 1,000 commercial meters of these sizes. A total of one (1) bid was received on the initial bid opening of September 9th, 2015, and the project was subsequently re-advertised. On September 28th, three (3) bids were opened with Vanguard Utility Service, Inc. being the apparent low and responsive bidder.

Recommendation
The Department of Water Management recommends that the City Council:

1. Authorize the City Manager to execute a contract with Vanguard Utility Service, Inc., for MR-9 Commercial Meter Replacement Project in an amount not to exceed $2,140,109.34; and
2. Establish a contingency fund for the contract in an amount not to exceed $213,890.66; and
3. Authorize the City Manager to negotiate change orders for the contract provided that the total project cost does not exceed $2,354,000.00.

Background
The purpose of the residential and commercial water meter replacement program is twofold; meter assemblies are being updated to current City design standards to allow for easier meter removal and testing, and manual-read meters are being replaced with Automated Meter Reading (AMR) technology.

Once fully implemented, both the City and the customer will benefit from the following:

- A higher level of customer service and responsiveness.
- Quicker detection and repair of leaks in customers' facilities.
- Savings of thousands of gallons of potable water lost to leakages.

- Increased ability to detect malfunctioning or tampered meters and provide immediate corrective action.
- Ability to instantly analyze flow data transmitted by the meter.
- Move to monthly billing for all customers to provide a more stable revenue stream while allowing customers to better monitor and budget their utility costs.

This project is the third, and final, phase of the 1.5- and 2-inch commercial meter replacement program. During this phase, approximately 300 commercial water meters will be replaced with AMR technology; and of those, approximately 250 meter assemblies will be upgraded to current design standards.

There are roughly 1,500 commercial meters of various sizes in the City's distribution system. The previous two phases replaced 696 1.5- and 2-inch commercial meters, combined. Upon completion of Phase 3, approximately 1,000 1.5- and 2-inch commercial meters will have been replaced.

The remaining 463 meters, ranging in size from 3- to 8-inches, have been updated with AMR capabilities; however AMR infrastructure and assemblies will be upgraded in future projects.

Issues and Analysis
The Department of Water Management formally advertised this project for bid on August 5, 2015. The project was bid as a unit price bid. Three bids were received and opened on Monday, September 28th, 2015. The bid results are:

Vanguard Utility Service, Inc*	$ 2,140,109.34
Carolina Civil Works, Inc	$ 2,877,026.14
JF Wilkerson Contracting Company, Inc	$ 3,748,488.00

* Apparent low, responsive bidder.

The base bid is consistent with the engineer's estimate and within the budget allocated for this phase of the program.

Alternatives
Alternative #1 – Reject all bids and do not move forward with the project. This alternative could result in continued loss of potable water due to water leakages from aging water meters. Additionally, this may result in an inability to provide enhanced customer service through quicker leak detection and instant flow monitoring.

Financial Impact
Funds for this contract are budgeted in the Water Distribution System Rehabilitation Project in the City's Capital Improvement Program. The funds are available as outlined below:

Construction:	4100P002-731000-P0BM7	$2,140,109.34
Contingency:	4100P002-731900-P0BM7	$213,890.66
Total Contract Amount:		$2,354,000.00

SDBE Summary
The Equal Opportunity/Equity Assurance Department reviewed the bid submitted by Vanguard Utility Services, Inc., Owensboro, Kentucky to determine compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting. The goals for this project are MSDBE 1% and WSDBE 0%. It was determined that Vanguard Utility Services, Inc. was not in

compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting. The MSDBE goal was not met and Vanguard Utility Services, Inc. did not demonstrate a good faith effort in trying to meet said goal. Vanguard Utility Services, Inc. appealed the denial of their good faith effort and it was determined that they had not demonstrated good faith in the execution of the bid, but it was in the best interest of the City to award them the contract for this project.

SDBE REQUIREMENTS

Subsequent to the Good Faith Effort Appeal Hearing, Vanguard Utility Services, Inc. agreed to subcontract to the following certified firms:

Firm	ID	City/State	Amount	% of Contract
Busy Black Trucking, LLC	MSDBE	Durham, NC	$2,500	.1%
Key Quality Assessment, Inc.*	MBE	Garner, NC	$20,000	1%

*Key Quality Assessment, Inc. is a certified DBE/MBE firm with the North Carolina Department of Transportation and is therefore recognized as an acceptable MSDBE with the City of Durham.

WORKFORCE STATISTICS

The workforce statistics for Vanguard Utility Services, Inc., are as follows:

Total Workforce	100	
Total Females	14	14%
Total Males	86	86%
Black Males	30	30%
White Males	53	53%
Other Males	3	3%
Black Females	1	1%
White Females	13	13%
Other Females	0	0%